

7-0300.00 YEAR-END CLOSING PROCEDURES

This section reviews the primary procedures necessary to close a district's books at fiscal year-end. It will be updated each year to reflect any procedural changes/additions from last year-end. Directions accompanying the annual Trustees' Financial Summary also discuss current year-end closing procedures.

School districts should implement internal procedures to ensure all transactions necessary for compliance with GAAP are recorded in their accounting records before the books are closed. Also, districts should use special care when recording transactions during the year-end closing period to ensure transactions are recorded in the proper fiscal year.

7-0310.00 CLOSING PERIOD CALENDAR

Also see section 2-0100, CALENDAR OF OFFICIAL DUTIES, in the School Accounting Manual.

DEADLINE	PERSON(S) RESPONSIBLE	ACTIVITY
May 31 (or earlier)	Teachers, Superintendent, Principals, etc.	Recommended cutoff date for submitting purchase requisitions to clerk. Cutoff date is necessary to allow time for processing purchase orders before year-end. Also see purchasing requirements of specific state and federal grant programs.
June 30	Trustees/Clerk	Last day to pay invoices for goods and services received during the current year. Invoices not paid by June 30 must be accrued during the closing period.
By July 10 or earlier	Clerk	Accrue the cost of all goods and services received, but not paid for, by June 30, including the current year's accrual for payroll and related benefits. Recommended cutoff date for notifying County Treasurer to transfer from General Fund to Compensated Absence Fund based on 30% of the liability of current fiscal year.
	Clerk	Encumber the cost of goods for which a value purchase was issued, but the goods not received, by June 30 (optional).
By July 10 or earlier	Clerk	Encumber the cost of commitments related to construction in progress, if a legally binding contract was signed and effective, or a valid purchase order was issued, prior to June 30 (optional).
	Clerk	Retain a list of encumbrances (obligations) and expenditure accruals by fund for audit.
	County Treasurer	Send the June County Treasurer's report to school districts (20-9-121, MCA and ARM 10.10.302)

7-0310.00 CLOSING PERIOD CALENDAR (cont'd)

DEADLINE	PERSON(S) RESPONSIBLE	ACTIVITY
July Closing Period	Clerk	Accrue revenues to reflect amounts receivable as of June 30.
		Close out any prior year accruals or encumbrances still remaining on the books.
		Calculate and record Compensated Absences Liability as of 6/30.
		Record all other necessary adjustments to the accounting records and close the books for the year.
2nd Monday in August	Trustees/Clerk	Last day to designate and record the portions, if any, of year-end fund balances that will be reserved (20-9-104, MCA).
By August 15 or earlier	Trustees	Submit the Trustees' Financial Summary to the County Superintendent.
By 2nd Monday in September	County Superintendent	Submit the Trustees' Financial Summary to the Office of public Instruction.

7-0320.00 CLOSING PROCEDURES

The following is a checklist of common year-end closing procedures; the list is not meant to be all inclusive. Please refer to related sections of the School Accounting Manual as referenced below.

SUBJECT	REFERENCE	
June month-end procedures: Verify that <ul style="list-style-type: none"> a. Clerk's Cash - Treasurer's Cash less Warrants Payable (reconcile cash balances with the balances shown on the June report from the County Treasurer) b. Warrants Payable = Individual Outstanding Warrants Report Total c. Trial Balance Debits - Trial Balance Credits d. Expenditure Control Account (802) = Expenditure Subsidiary Ledger Accounts e. Revenue Control Account (402) = Revenue subsidiary Ledger Accounts 	a. 7-0200.00 RECONCILING WITH THE COUNTY TREASURER d. & e. 1-0350.10 CONTROL ACCOUNTS (page 1-0300-19)	
Revenue Codes: Review revenues for proper coding. Adjust account codes where necessary to correspond to Trustees' Financial Summary.	3-0500.00 REVENUE AND OTHER FINANCING SOURCES DEFINITIONS	
Revenue Amounts: Compare actual revenues to budgeted revenues and investigate significant differences, especially state and county equalization and transportation, GTB, local government severance taxes, oil and gas taxes. Accrue July state payments (DSA or Transportation) as revenue. County shortfalls may be accrued as revenue if received within 60 days. Otherwise accrue shortfalls as deferred revenue.	Preliminary & Final Budget/Trustees' Financial Summary Worksheet 7-0400-0500 Cash to Accrual Worksheets	

7-0320.00 CLOSING PROCEDURES (cont'd)

SUBJECT	REFERENCE	
Taxes Receivable and Deferred Revenues: Record taxes receivable at June 30 as deferred revenues. If large protested tax disputes are settled, but the cash from the settlement is not received by June 30, it should be recorded as current year revenue, not as deferred revenue. Taxes in transit (cash to be received in July) from joint districts/counties should also be recorded as current year revenue.	5-0220.30 RECORDING PROPERTY TAXES (page 5-0200-4). Also see 5-0220.60 PROTESTED TAX SETTLEMENTS BY JUNE 30 (page 5- 0200-5).	
Charges for Services: If payment is not received by June 30 for goods sold or for services provided by the district during the current year, a receivable should be recorded.	5-0230.20 RECORDING NON- TAX REVENUES (page 5-0200-7); 5-1600.00 LIST OF RECEIVABLES AND PAYABLES	
Investment Income: Investment income earned by not received by June 30 should be recorded as receivable in the appropriate fund.	5-0920.00 RECORDING INVESTMENT ACTIVITY (page 5- 0900-3)	
State and Federal Grants: State and Federal grant revenue is usually recognized when the related expenditure is recorded. If grant revenue is received in advance of anticipated expenditures, any cash advances received by not expended as of year-end should be recorded as deferred revenue. If grant revenue is received as a reimbursement for expenditures incurred, any reimbursements not received as of June 30 should be recorded as receivable.	5-0240.00 REVENUES FROM FEDERAL AND STATE GRANTS (page 5-0200-8)	
Expenditure Codes: Review expenditure for proper coding. Adjust account codes where necessary.	3-0600.00 EXPENDITURE AND OTHER FINANCING USES	
Closing Prior Year Expenditure accruals: Expenditures accrued/encumbered during the prior year's closing period must be removed from the district's records by June 30 of the current year, either by paying the accrual/encumbrance or by recording a prior year expenditure adjustment.	5-0340.00 RECORDING DIFFERENCES BETWEEN ACCRUAL AND PAYMENT AMOUNTS (page 5- 0300-7)	
Expenditure Accruals: The cost of goods/services received, but not paid for, by June 30 must be accrued, regardless of whether the invoice/bill has been received.	5-0300.00 EXPENDITURES AND PAYABLES; 5-1600.00 LIST OF RECEIVABLES AND PAYABLES	
Encumbrances: The cost of goods ordered but not received by June 30, and the cost of commitments related to construction in progress may be encumbered if certain criteria are met.	5-0400.00 ENCUMBRANCES	

7-0320.00 CLOSING PROCEDURES (cont'd)

SUBJECT	REFERENCE	
Late Negotiations: If labor agreements and negotiations are not completed by June 30 for the current or a prior year, the district should accrue (i.e., charge expenditures and show a payable for) a reasonable estimate or the latest offer made by the district. In that way, the district will charge the current year's budget for the known amount of the liability for services rendered through June 30 of that year. If the final settlement in the next fiscal year is greater than the offer accrued, the difference should be recorded as a prior year expenditure adjustment.	5-0340.00 for more information on recording differences between accruals and actual payments.	
Bonds/Notes Payable: Bond/note payments due early in the next fiscal year may be accrued in certain instances.	5-1320.10 RECORDING BOND TRANSACTIONS (page 5-1300-2)	
Compensated Absences: Record the district's liability for compensated absences as of June 30. The liability for employees paid from governmental fund types is recorded in the General Long-Term Debt Account Group (99). The liability for employees paid from a proprietary fund is recorded in that fund.	5-1350.00 COMPENSATED ABSENCES (page 5- 1300-15)	
Claims and Judgments (Contingencies): Record the liability for claims and judgments against the district if the payment is probable and the amount can be reasonably estimated.	5-1360.00 CLAIMS AND JUDGMENTS (page 5-1200-4)	
Depreciation: Record the current year's depreciation expense in proprietary funds.	5-1240.00 DEPRECIATION (page 5-1200-4)	
General Long-Term Debt Account Group (GLTDAG): Adjust amounts recorded in the GLTDAG to reflect payments made on long-term debt during the current year and to include any new debts incurred.	5-1300.00 LONG- TERM DEBT	
General Fixed Asset Account Group (GFAAG): Adjust amounts recorded in the GFAAG to reflect additions and deletions of fixed assets during the current fiscal year.	5-1200.00 FIXED ASSETS 5-1260.50 HOW TO ESTABLISH FIXED ASSET INVENTORY RECORDS (page 5- 1200-16)	
Petty Cash: Petty cash accounts must be fully reimbursed on or before June 30, recording all expenditures paid during the current year from that account in the appropriate fund.	5-1140.00 RECORDING PETTY CASH TRANSACTIONS (page 5-1100-2)	
Supply Inventories: Record the value of supply inventories as an asset and a reserve of fund balance/retained earnings if the value of amounts on hand at June 30th is considered material.	5-0620.00 METHODS FOR ACCOUNTING FOR SUPPLIES	
Prepaid Expenses: Record payments during the current year for benefits to be received in a subsequent fiscal year as Prepaid Expenses, if material. Prepaid Expenses are usually limited to fire/liability insurance premiums and rent.	5-0700.00 PREPAID EXPENSES	

7-0320.00 CLOSING PROCEDURES (cont'd)

SUBJECT	REFERENCE	
Adjustments to Beginning Fund Balance for Conversion to GAAP: If revenues and expenditures related to the prior fiscal year were not accrued during the prior year's closing period, beginning fund balances for the current year are misstated and must be adjusted.	7-0340.00 ADJUSTMENTS TO BEGINNING FUND BALANCE	
Agency Funds: Close any revenue, expenditure, or fund balance accounts to an appropriate liability account. These accounts are not reported for Agency funds. GAAP requires asset and liability accounts to equal in Agency funds. Compare each budgeted fund's total expenditures, including transfers, to the adopted budget for that fund, including budget amendments to ensure there are no budget overdrafts.	3-0100.00 INTRODUCTION TO CHART OF ACCOUNTS	
Revenue Control Account and Revenue Subsidiary Ledger Accounts: If control accounts are used, the balance in a fund's 402 - Revenue Control account must equal the total of all detailed revenue accounts (1000 - 6100) for that fund.	3-0500.00 REVENUE AND OTHER FINANCING SOURCES	
Close Budgetary Accounts: Reverse budgetary entries if made at the beginning of the year, if not, automatically reversed by the computer in the closing process.	Page 3-0400-10, BUDGETING/ NOMINAL ACCOUNTS	
Close Nominal Accounts: Close Accounts 402 - Revenue and other Financing Sources (Control), 802 - Expenditures and Other Financing Uses (Control), and 971 - Residual Equity Transfers to Account 970 - Unreserved Fund Balance or Account 940 - Unreserved Retained Earnings.	Page 3-0400-10, BUDGETING/ NOMINAL ACCOUNTS	

7-0330.00 SUPPORTING DOCUMENTATION

Documentation supporting year-end accrual, encumbrance and adjustment transactions should be retained by the district for audit purposes. The documentation to support encumbrances recorded at year-end must prove the encumbrances meet the valid obligation criteria set forth in section 5-0410.50 of this manual.

The following are minimum requirements for supporting documentation:

- **Accrued expenditures** for services, supplies and equipment should be supported by a receiving report or invoice dated June 30 or before. Accruals that must be estimated, such as an accrual for June utilities, should be supported by a written explanation of how the estimate was derived.
- **Encumbrances for goods** should be supported by a valid purchase order. To be considered valid, the purchase order must be completed, signed and mailed or delivered to the vendor by June 30.
- **Encumbrances for construction contracts** should be supported by a legally binding contract, signed and effective by June 30, or by a valid purchase order.

7-0400.00 CASH TO ACCRUAL WORKSHEET - COLUMNAR ACCOUNTING SYSTEMS

7-0410.00 PURPOSE

The purpose of this worksheet is to help districts which maintain columnar accounting records adjust and close the books at fiscal year end and determine amounts to enter on the Trustees' Financial Summary. The use of the worksheet is optional. **SEE WORKSHEETS ON PAGE 7-0400-23/26.**

The completed worksheet **for each fund** will enable the clerk to complete the Trustees' Financial Summary. Retain the completed worksheet with the district's copy of the Trustees' Financial Summary to support amounts reported on the summary forms. Do not send the Cash to Accrual Worksheet to OPI. PLEASE READ AND FOLLOW ALL INSTRUCTIONS CAREFULLY. If you have questions, call the GAAP Accounting staff at 444-3095.

7-0420.00 BASIC PROCEDURES

The process uses information available from the columnar system to:

- Step 1. Establish Balance Sheet (General Ledger) Account Balances;
- Step 2. Record Adjustments to Convert from Cash Basis to Accrual Basis of Accounting;
- Step 3. Close the Books for the Fiscal Year;
- Step 4. Establish Reserve Accounts;
- Step 5. Calculate Post-Closing Balance Sheet Account Balances; and
- Step 6. Record Information from the Worksheet and Accounting Records to the Trustees' Financial Summary.

7-0430.00 INSTRUCTIONS

BEFORE YOU BEGIN:

1. Read section 7-0100 ACCOUNTING TECHNIQUES FOR COLUMNAR ACCOUNTING SYSTEMS in the School Accounting Manual. Pay special attention to the suggested procedures for **creating a receivable/deferred revenue column** in the cash receipts journal and **a payable column and prepaid expense column** in the warrant journal. Those columns will be used in the following directions for completing the worksheet. Be sure to also verify all items from last year's cash to accrual worksheet have cleared.
2. Copy the worksheet so there is a copy to use for each fund. Prepare a **separate** Cash to Accrual Worksheet for each fund used by the district. Additionally, the clerk may want to prepare a worksheet for the General Long-Term Debt Account Group (GLTDAG Fund 99). If fixed asset records have been established, also prepare a separate worksheet for the General Fixed Asset Account Group (GFAAG Fund 98). Do the worksheet for one fund at a time.

7-0430.00 INSTRUCTIONS (Cont'd)

3. To begin the worksheet for a fund, shade or cross out areas of the worksheet which will not be used for that fund. The unused lines correspond to lines which are not used on the Trustees' Financial Summary Balance Sheet for that fund. Funds commonly used by small districts are listed below. Contact OPI GAAP Accounting for information on funds not listed. **Lines which will not be used** are listed below:

General Fund (01)	Lines 10-15, 23, 27-31, 38, 49-51
Transportation Fund (10)	Lines 10-15, 23, 27-31, 38, 40-51
School Foods (12)	Lines 2, 3, 10-15, 23, 26-31, 38-43, 49-51
Tuition Fund (13)	Lines 6-15, 23, 26-31, 36-43, 49-51
Retirement Fund (14)	Lines 2, 3, 7-15, 23, 26-31, 36-38, 40-43, 49-51
Miscellaneous Programs Fund (15)	Lines 2, 3, 10-15, 23, 26-31, 38-43, 49-51
Sick Leave Reserve Fund (21)	Lines 2, 3, 5-15, 22, 23, 25-31, 36-43, 49-51
Impact Aid (27)	Lines 2, 3, 5-15, 23, 26-31, 36, 38-43, 49-51
Student Extracurricular Fund (84)	Lines 2-15, 21-43, 49-51
Payroll Fund (86)/Claims Fund (87)	Lines 2,3, 7-15, 22, 25-31, 36-52

4. At year-end, keep a list of adjustments and closing procedures using the "Journal Voucher" on page 7-0400-27. Number each adjustment and provide a description on the Journal Voucher. Use the same adjustment number to identify that transaction on the worksheet, Warrant Journal or Cash Receipts Journal as directed in these instructions.
5. For most districts, the worksheet will be large enough to accommodate the necessary year-end accruals and encumbrances. Expand the worksheet, if needed, for larger funds.

STEP 1. ESTABLISH BALANCE SHEET ACCOUNT BALANCES

The Trustees' Financial Summary requires each district to report June 30th balances of balance sheet accounts. For those who use columnar accounting systems, balance sheet accounts were not used during the year. This section establishes pre-closing account balances. The pre-closing balances will be adjusted in a later section to the post-closing balances to be entered on the Trustees' Financial Summary.

Use column (a) of the worksheet to establish pre-closing balance sheet account balances as directed below.

Line 1: Cash and Investments Less 620 Warrants Payable

Enter the district's cash and investments balance for June 30th (from the June county treasurer's reconciliation) on line 1 in column (a). Include cash held by the district in separate bank accounts and as petty cash. The June 30th balance of warrants payable should be SUBTRACTED from this item **in all funds except the Payroll and Claims funds**.

For the worksheets for the **Payroll Fund (86) or Claims Fund (87)** only, enter the June 30th cash balance. Do not subtract warrants payable. Enter the balance of warrants payable in the payroll and claims fund on line 23 in column (a) instead.

7-0430.00 INSTRUCTIONS (Cont'd)

Line 2: Taxes Receivable - Real and Personal - Net

Line 3: Taxes Receivable - Protested - Net

Taxes receivable will be recorded in an adjusting entry. Enter zero on lines 2 and 3 in column (a).

Line 4: Receivables from Other Funds

Line 5: Due From Other Governments

Line 6: Other Current Assets

Receivables will be recorded in adjusting entries. Enter zero on lines 4, 5, and 6 in column (a).

Line 7: Inventories

Inventories will be recorded, if material, in adjusting entries. Enter a zero on line 7 in column (a).

Line 8: Prepaid Expenses

If you have not prepaid any expenditures as of June 30th, enter zero on line 8 in columns (a) through (d).

If you have prepaid items such as insurance premiums or rent:

If your records have balance in a "prepaid expenses" column as of June 30th, enter the balance on line 8 in column (a). Prepaid expenses will be adjusted to the correct June 30th balance in the adjusting entries.

If your records do not have a "prepaid expenses" column as of June 30th, enter zero on line 8 in column (a). Prepaid expenses will be adjusted to the correct June 30th balance in the adjusting entries.

Line 9: Deposits

If you paid a deposit during the fiscal year as a security for utilities, etc., enter the deposit amount on line 9 in columns (a) and (d), **if material**. The amount entered here should not be included as an expenditure this year; remove it from the line item account where it was charged and restore the budget. Inform the County Treasurer of the budget restoration.

If you paid a deposit in a prior year and if the amount is **material**, record the amount of deposit on line 9 in column (a). In the revenue journal, indicate in the payee column the deposit was paid in a prior year; add the amount to the 6100 Period Revenue Adjustments column. The deposit (asset) will show on the balance sheet of the district each fiscal year-end until the deposit is returned.

If you have not paid a deposit this year, or if the amount paid in a prior year is **immaterial**, enter zero on line 9 in columns (a) through (d).

NOTE: REPORTING FIXED ASSETS - Lines 10 - 13

Reporting fixed asset accounts was required by FY 1992-93. Report the balances using procedures discussed in the following paragraphs. Districts will report fixed assets only in the General Fixed Asset Account Group (GFAAG Fund 98). See section 5-1200 FIXED ASSETS in the School Accounting Manual.

7-0430.00 INSTRUCTIONS (Cont'd)

Line 10: Land and Land Improvements - GFAAG (98) ONLY

ON THE WORKSHEET FOR THE GENERAL FIXED ASSET ACCOUNT GROUP (GFAAG Fund 98) ONLY, enter the total value of Land and Land Improvements from the records on line 10 in columns (a) and (d). Lines 10 through 13 will be added together and the total entered on line 20 and 49 in columns (a) and (d).

ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 10 in columns (a) and (d).

Line 11: Buildings and Building Improvements - GFAAG (98) ONLY

ON THE WORKSHEET FOR THE GENERAL FIXED ASSET ACCOUNT GROUP (GFAAG Fund 98) ONLY, enter the total value of Buildings and Building Improvements from the records on line 11 in columns (a) and (d). Lines 10-13 will be added together and the total entered on line 20 and 49 in columns (a) and (d).

ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 11 in columns (a) and (d).

Line 12: Machinery and Equipment - GFAAG (98) ONLY

ON THE WORKSHEET FOR THE GENERAL FIXED ASSET ACCOUNT GROUP (GFAAG Fund 98) ONLY, enter the total value of Machinery and Equipment from the records on line 12 in columns (a) and (d). Lines 10-13 will be added together and the total entered on line 20 and 49 in columns (a) and (d).

ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 12 in columns (a) and (d).

Line 13: Construction Work in Progress - GFAAG (98) ONLY

If no major construction is in progress at June 30th, ON WORKSHEETS FOR ALL FUNDS, enter zero on lines 13 and 49 in columns (a) and (d).

If there is major construction in progress on June 30th, and the district has established fixed asset records, ON THE WORKSHEET FOR THE GENERAL FIXED ASSET ACCOUNT GROUP (GFAAG Fund 98) ONLY, enter the total value of all Construction Work in Progress from the records on line 13 in columns (a) and (d) or enter the appropriate amounts in lines 10 through 12 in columns (a) and (d). Add the lines 10-13 and enter the total on line 20 and line 49 in columns (a) and (d).

ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 13 in columns (a) and (d).

7-0430.00 INSTRUCTIONS (Cont'd)

Line 14: Amount Available in Debt Service & Sick Leave Reserve Funds-GLTDAG (99) ONLY

Line 15: Amounts to be Provided - GLTDAG (99) ONLY

Lines 14 and 15 will be completed later after the total fund balances for the Debt Service and Sick Leave Reserve Fund have been determined. See page 18 COMPLETING THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99) WORKSHEET. ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 14 in columns (a) and (d). Line 15 is calculated by subtracting line 14 from line 35.

Line 20: Total Assets and Other Debits

Enter the total of lines 1 through 15 on line 20 in column (a).

Line 21: Payables to Other Funds

Line 22: Due to Other Governments

Adjustments to liabilities (payables) are discussed later in these instructions. Enter zero on lines 21 and 22 in column (a).

Line 23: Warrants Payable

ON THE WORKSHEETS FOR PAYROLL FUND (86) AND CLAIMS FUND (87) ONLY, enter the total amount of warrants payable on line 23 in column (a) and (d). ON WORKSHEETS FOR ALL OTHER FUNDS, warrants payable are subtracted from cash and investments on line 1.

Line 24: Other Current Liabilities

Adjustments to liabilities (payables) are discussed later in these instructions. Enter zero on line 24 in column (a).

Line 25: Deferred Revenue

Deferred revenue will be determined using adjusting entries in a later section of these instructions. Enter zero on line 25 in column (a).

Line 26: Other Liabilities

Adjustments to liabilities (payables) are discussed later in these instructions. Enter zero on line 26 in column (a).

Line 27: Bonds Payable - Noncurrent - GLTDAG (99) ONLY

If the district has no bonds outstanding, enter zero on line 27 in column (a) and (d).

If the district has outstanding bonds, ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99) enter the June 30th balance of outstanding bond principal.

Line 28: Notes Payable - Noncurrent - GLTDAG (99) ONLY

If the district does not have an outstanding long-term loan from the Board of Investments or Federal government, ON THE WORKSHEET FOR THE GENERAL LONG TERM DEBT ACCOUNT GROUP, enter zero on line 28 in columns (a) and (d).

If the district has an outstanding long-term loan from the Board of Investments or Federal government, ON THE WORKSHEET FOR THE LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the loan principal outstanding on June 30th on line 28 in column (a) and (d).

7-0430.00 INSTRUCTIONS (Cont'd)

Line 29: Lease Obligations Payable - GLTDAG (99) ONLY

If the district does not have outstanding lease-purchases payable, enter zero on line 29 in columns (a) and (d).

If the district has an outstanding lease-purchase, ON THE WORKSHEET FOR THE LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the lease principal outstanding on June 30th on line 29 in column (a) and (d). enter zero on line 29 in columns (a) and (d).

Line 30: Contracts and Judgments Payable - GLTDAG (99) ONLY

If the district does not have outstanding long-term contracts or court judgments payable, enter zero on line 30 in columns (a) and (d).

If the district has an outstanding long-term contract or court judgment payable, ON THE WORKSHEET FOR THE LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the amount owed on June 30th on line 30 in column (a) and (d).

Line 31: Compensated Absences Payable - GLTDAG (99) ONLY

Prepare a compensated absences worksheet as shown in section 6-0200 COMPENSATED ABSENCES PAYABLE in the School Accounting Manual. (Remember to prepare a separate compensated absences worksheet for proprietary funds (70-77), if used. All funds other than proprietary funds may be combined on one compensated absences worksheet for the district.)

If proprietary funds (70-77) are not used (usual situation), ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP, enter the total from line 11 of the compensated absences worksheet on line 31 in columns (a) and (d). See page 18 COMPLETING THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99) WORKSHEET. ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 14 in columns (a) and (d).

If proprietary funds (70-77) are used, ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the total from column 11 of the compensated absences worksheet for funds other than proprietary funds, on line 31 in columns (a) and (d). ON WORKSHEETS FOR PROPRIETARY FUNDS (70-77), enter the total from line 11 of the compensated absences worksheet for proprietary funds on line 31 in columns (a) and (d).

Line 32: Special Assessments Payable - Noncurrent - GLTDAG (99) ONLY

If the district does not have special assessments payable due to the city or county, ON THE WORKSHEET FOR THE GENERAL LONG TERM DEBT ACCOUNT GROUP, enter zero on line 32 in columns (a) and (d).

If the district has special assessments payable due to the city or county, ON THE WORKSHEET FOR THE LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the remaining principal portion of the assessment outstanding on June 30th on line 32 in column (a) and (d).

Line 35: Total Liabilities

Enter the sum of lines 21 through 31 on line 35 in column (a).

Line 36: Reserve for Inventories

Line 37: Reserve for Encumbrances

The reserves for inventories and encumbrances will be established, if required, in the adjustments section of these instructions. Enter zero on lines 36 and 37 in column (a).

Line 38: Reserve for Endowments - Not used.

Line 39: Reserve for Operations

The reserve for operations will be established in adjusting entries. Enter zero on line 39 in column (a).

7-0430.00 INSTRUCTIONS (Cont'd)

(Note: PL874 Reserve will be moved to the Impact Aid Fund in FY 94)

Line 40: Reserved

Line 41: Reserve for Unused Protested Taxes - GENERAL FUND (01) ONLY

Line 42: Reserve for Unused Tax Audit Receipts - GENERAL FUND (01) ONLY

Line 43: Reserve for General Bonus Payments - GENERAL FUND (01) ONLY

Line 44: Reserve for Accelerate LGST - GENERAL FUND (01) ONLY

These reserves will be only established for **General Fund (01)**, if appropriate, using an adjustment in a later section of these instructions. Enter a zero on lines 40 through 43 in column (a) of the General Fund worksheet.

Funds **other than the General Fund** will not have these reserves. Enter a zero on lines 40, 41, 42, and 43 in columns (a) and (d) of worksheets for funds other than the General Fund.

Lines 45-47: Reserved

Line 48: Unreserved Fund Balance June 30th - BEGINNING BALANCE

On line 48 in column (a), enter the unreserved (reappropriated) fund balance (970) for the fund from last year's Trustees' Financial Summary. **This is the beginning fund balance for the fiscal year, before adjustments.**

Line 49: Investments in General Fixed Assets - GFAAG (98) ONLY

ON THE WORKSHEET FOR THE GENERAL FIXED ASSET ACCOUNT GROUP (GFAAG Fund 98) ONLY, enter the total of lines 10 through 13 on line 49 in columns (a) and (d). ON WORKSHEETS FOR ALL OTHER FUNDS, enter zero on line 49 in columns (a) and (d).

Line 50: Contributed Capital - Not used.

Line 51: Retained Earnings - PROPRIETARY FUNDS 70 - 77 ONLY

If proprietary funds (70-77) are not used, enter zero on line 51 in columns (a) and (d) for all funds.

If proprietary (70-77) funds are used, ON THE WORKSHEET FOR A PROPRIETARY FUND, enter on line 51 in column (a) the fund balance from the last year's Trustees' Financial Summary.

Line 52: Total Fund Balance/Equity (June 30th)

Enter the sum of lines 36 through 51 on line 52 in column (a).

Line 53: Total Liabilities and Fund Balance/Equity

Enter the sum of Total Liabilities from line 35 plus Total Fund Balance/Equity from line 51 on line 53 in column (a). This amount must equal Total Assets and Other Debits on line 20 in column (a) for each fund.

Line 54: Revenues and Other Financing Sources

Enter the unadjusted June 30th total of the fund's revenues and other financing sources in revenue accounts 1000 through 6100 from the Cash Receipts Journal.

Line 55: Expenditures and Other Financing Uses

Enter the unadjusted June 30th total of expenditures and other financing uses in object accounts 100 through 920 from the Warrant Journal.

7-0430.00 INSTRUCTIONS (Cont'd)

When the line items above have been set up as directed, make sure the following equation is true:

Line 20, col.(a)	TOTAL ASSETS AND OTHER DEBITS	_____
plus Line 55, col.(a)	Expenditures and Other Financing Uses	_____

equals

minus Line 53, col. (a)	TOTAL LIAB. AND FUND BALANCE/EQUITY	_____
minus Line 54, col. (a)	Revenue and Other Financing Sources	_____
equals	Zero	- 0 -
		=====

STEP 2. RECORD ADJUSTMENTS TO CONVERT FROM CASH BASIS TO ACCRUAL BASIS OF ACCOUNTING

The following adjustments will: A) Establish receivables; B) Establish liabilities (payables); C) Record encumbrances; D) Establish Prepaid Expenses; and E) Establish Inventories; and F) Adjust beginning fund balance for the first year conversion to GAAP.

These instructions list necessary adjustments, funds which may be affected, and discuss the method for entering the adjustments on the worksheet and district's records.

Number each adjusting entry. Use the same number to identify the adjustment on the "Journal Voucher" page, worksheet, Cash Receipts Journal, or Warrant Journal to identify the adjustment. Keep a list of adjustments attached to the worksheets.

A. Adjusting Entries to Establish Receivables

1) Taxes Receivable

Funds: All Budgeted/Levied Funds - General (01), Transportation (10), Bus Depreciation (11), Tuition (13), Adult Education (17), Debt Service (50), and Building Reserve (61)

Determine the June 30th taxes receivable for each fund for real, personal, and protested taxes. This information must be provided to you on the June county treasurer's report. Enter "Not Available" if this information is not provided to you by the county treasurer.

On the Worksheet:

Line 2: Taxes Receivable-Real and Personal

Enter the sum of the June 30th real and personal property taxes receivable for the fund on line 2 in column (b).

Line 3: Taxes Receivable-Protested

Enter the amount of June 30th protested taxes receivable for the fund on line 3 in column (b).

Line 25: Deferred Revenue

Enter the total of lines 2 and 3 on line 25 in column (c).

7-0430.00 INSTRUCTIONS (Cont'd)

2) School Foods Reimbursements

Funds: School Foods Fund (12)

If all state or federal reimbursements for the current year have been received by June 30th no adjusting entries need to be recorded. If school foods state and Federal revenues for the current year will be received after June 30th, proceed as follows:

- a. Calculate the amount of **Federal reimbursement** to be received for any claim through June 30th for which reimbursement has not been received by June 30th. Use the School Foods Reimbursement Accrual Worksheet found in Section 4-0400 to calculate the amount to accrue.

OPI will report to the district before June 30th the **state match** amount for June. If the match has not been received by June 30th, record the accrual adjustment shown below.

- b. On the worksheet:
Line 5: Due from Other Governments
Enter the total of the federal and state food reimbursements receivable as of June 30th as calculated above on line 5 in column (b).
- c. In the Revenue Journal:
Add the amount of the **federal reimbursement** receivable to revenue 4550-Federal Child Nutrition. Also enter the amount in the Receivable column. See section 7-0130.00 in the School Accounting Manual. Add the amount of the **state match** receivable to revenue 3220-State Food Services Match. Also enter the amount in the Receivable column. See section 7-0130.00 in the School Accounting Manual.

3) Federal and State Grants

Funds: The following adjustment should be recorded in any fund in which state or federal grants are deposited. This adjustment does not apply to PL 81-874 or school foods reimbursements discussed above.

GAAP requires that the district record grant revenues in the year the expenditures are recorded. As a result, **grant revenues should equal grant expenditures**. In order to determine the adjustments to revenues proceed as follows:

- a. Determine the total revenues received by the county treasurer and expenditures recorded on the accounting records **for each grant project** during the fiscal year.
- b. Calculate the difference between the amounts recorded as revenues (receipts) and expenditures (disbursements).
- c. Revenues are greater than expenditures:
Grant Closes June 30th: District must refund unused funds to grantor
If writing the refund warrant by June 30th:

In the Cash Receipts Journal:

Subtract the amount from the appropriate revenue column where it was deposited during the current year. (This is known as a revenue abatement.)

7-0430.00 INSTRUCTIONS (Cont'd)

In the Warrant Journal:

Record the warrant but do not charge it to an expenditure (i.e., do not add the warrant amount in an expenditure column). This warrant is a refund, not an expenditure.

If the refund warrant has not been written by June 30th:

On the worksheet:

Line 22: Due to Other Governments

Enter the amount of the refund owed to the grantor on line 22 in column (c).

In the Cash Receipts Journal:

Subtract the amount from the appropriate revenue column where it was deposited when received during the current fiscal year.

Grant does not Close June 30th, and the district may retain unspent funds and spend in the next fiscal year:

On the worksheet:

Line 25: Deferred Revenue

Enter the difference between revenues and expenditures (i.e., the amount of unspent grant money) on line 25 in column (c).

In the Cash Receipts Journal:

Subtract the amount of the unspent grant money from the appropriate revenue column.

d. Expenditures greater than revenues:

If a reimbursement is expected from the grantor:

On the worksheet:

Line 5: Due From Other Governments

Enter the difference between grant revenues and expenditures (i.e., the amount of expected reimbursement) on line 5 in column (b).

In the Cash Receipts Journal:

Add the amount of the reimbursement receivable to the appropriate grant revenue column. Also enter the amount in the Receivable column.

Grant is overspent, and excess expenditures must be charged to General Fund:

In the Warrant Journal:

Enter the amount overspent as a negative in the grant expenditure columns. Charge the expenditure to a column in the General Fund. Notify the county treasurer that the General Fund budget must be charged for the expenditures moved to the General Fund.

e. Transfer Unused Tuition in Fund 15 to General Fund:

In the Cash Receipts Journal for the Miscellaneous Programs Fund:

Subtract the unused amount from the appropriate revenue column where it was deposited during the current year. (Treat as a revenue abatement.)

7-0430.00 INSTRUCTIONS (Cont'd)

On the worksheet for the Miscellaneous Programs Fund:

Line 21: Payable to Other Funds

Enter the same amount on line 21 in column (c).

In the Cash Receipts Journal for the General Fund:

Add the amount to the appropriate tuition revenue column.

On the worksheet for the General Fund:

Line 4: Receivables from Other Funds

Enter the same amount on line 4 in column (b).

4) Interest Receivable

Funds: Any fund which receives interest.

If the county treasurer reports an amount of interest earned but not deposited to the fund (or included in the total investment balance) by June 30th, accrue the interest if the amount is greater than \$100.

On the worksheet:

Line 1: Cash and Investments less Warrants Payable

Enter the interest receivable on line 1 in column (b).

In the Cash Receipts Journal:

Add the interest receivable to 1510-Interest Earnings. Also enter the amount in the Receivable column.

5) Tuition Receivable

Funds: General Fund (01).

Tuition owed to the district on June 30th but not yet received in cash should be recorded as a receivable if greater than \$100.

On the worksheet:

Line 5: Due from Other Governments

Enter the tuition receivable on line 5 in column (b) of the worksheet.

In the Cash Receipts Journal:

Add the amount receivable to the tuition revenue (1310, 1320 or 1330) column. Also enter the amount in the Receivable column.

6) Drivers' Education Reimbursement

Funds: Traffic Education Fund (18).

The estimated reimbursement to be received after June 30th (estimate \$100 per student) should be recorded as receivable if greater than \$100.

On the worksheet:

Line 5: Due From Other Governments

Enter the estimated receivable amount on line 5 in column (b).

7-0430.00 INSTRUCTIONS (Cont'd)

In the Cash Receipts Journal:

Add the receivable amount to the column for 3260-Drivers' Education Reimbursement. Also enter the amount in the Receivable column.

7) State and County Equalization Aid Receivable

Fund: General Fund (01)

The OPI DSA and Special Education payment made each July must be accrued by all districts.

On the worksheet:

Line 5: Due From Other Governments

Enter the total payment as the receivable amount on line 5 in column (b).

In the Cash Receipts Journal:

Add the appropriate amount to the columns for 3110-State and County Equalization Aid and 3115-Special Education. Enter the total amount in the Receivable column.

8) County Equalization Aid Receivable

Fund: General Fund (01)

PRIOR YEARS' SHORTFALLS: The uncollected county equalization aid for years prior to FY 1990-91 must be recorded as deferred revenue if the amount is material. Compare the budgeted amount of county equalization aid to the actual amount received for the previous 5 fiscal years. (This should also be available from the county superintendent.) Record the amount as a receivable and deferred revenue.

Fiscal Year	Budgeted	Actual Collected	Difference
FY 1989-90	\$ 100,000	\$ 50,000	\$ 50,000
FY 1988-89	\$ 100,000	\$ 60,000	\$ 40,000
FY 1987-88	\$ 100,000	\$ 70,000	\$ 30,000
FY 1986-87	\$ 100,000	\$ 80,000	\$ 20,000
FY 1985-86	\$ 100,000	\$ 90,000	\$ 10,000
	\$ 500,000	\$350,000	\$150,000

On the worksheet:

Line 5: Due From Other Governments

Enter the total amount receivable for prior years (\$150,000 in this example) on line 5 in column (b).

Line 25: Deferred Revenue

Enter the total amount receivable for prior years (\$150,000 in this example) on line 25 in column (c).

7-0430.00 INSTRUCTIONS (Cont'd)

9) Other Government Payments

Funds: Any fund which receives money from another district or government unit.

Other income receivable at June 30th from any governmental source, such as another district, the state, the county, or a state agency such as OPI, should be adjusted as described in (7). Grant revenues should be adjusted as shown in (3).

B. Adjusting Entries to Establish Liabilities (Payables)

If goods or services have been **received** by June 30th and warrants will not be issued until the fiscal next year, the costs of these goods and services must be recorded as current year expenditures and liabilities. If the district does not have sufficient budget authority after recording the following adjusting entries, the district must consider returning goods to vendors or adopting a budget amendment.

1) Salaries and Benefits

Funds: Any fund which pays employees. If you have paid all salaries and benefits for work performed through June 30th, no adjustment is needed.

Record amounts owed for salaries and benefits for work performed by June 30th as a current expenditure and a payable if greater than \$100. For example, if you will pay teachers in July and August for the school year ended June 30th, you should record an accrual for the salaries and benefits owed. If June salaries and benefits for year-round employees will be paid in July, also accrue those expenditures.

If negotiations are not settled by June 30, also accrue the board's last offer.

On the worksheet:

Line 24: Other Current Liabilities (includes 661-Salaries and Benefits Payable)

Enter the total salaries and benefits owed on June 30th on line 24 in column (c). Include salaries, health insurance, TRS, PERS, etc. (Do not include unpaid accumulated sick leave or vacation leave.)

In the Warrant Journal:

Add the payable amounts to the appropriate expenditure columns for salaries, health insurance, TRS, PERS, etc. Also enter the payable amounts in the Payable column.

2) Goods and Services Received by June 30th

Fund: Any fund which purchases goods and services. If a warrant was issued by June 30th for goods or services received by June 30th, no accrual adjustment is needed.

Costs of goods and services received by June 30th for which the district has not paid by June 30th, such as supplies, textbooks, equipment, cleaning and repair services, June utilities, June phone bills, and any other unpaid invoices, must be recorded as a payable. If the cost of one item or a group of items is under \$100, consider not accruing the payable for the item(s).

7-0430.00 INSTRUCTIONS (Cont'd)

On the worksheet:

Line 24: Other Current Liabilities

Enter the amount owed for goods and services on line 24 in column (c). Include freight.

In the Warrant Journal:

Add the amount owed for goods and services to the appropriate expenditure column. Also enter the amount in the Payable column.

3) **Workers' Compensation Premiums and Payroll Taxes**

Funds: Usually General Fund, or any fund which pays workers' compensation. If the district pays the obligation by June 30th, no adjusting entry is needed.

Record the amount of premiums and payroll taxes the district owes on June 30th (to be paid in July) as an expenditure and a payable. The Workers' Compensation Premium Accrual Worksheet (p. 5-1700-6 in the School Accounting Manual) will help you determine the amount due, or contact the Workers' Compensation Division or MSBA.

On the worksheet:

Line 24: Other Current Liabilities

Enter the premiums and payroll taxes payable for the fund on line 24 in column (c).

In the Warrant Journal:

Add the amount owed for premiums and payroll taxes to 250 Workers' Compensation expenditure column. Also enter the amount in the Payable column.

4) **Payments on Long-Term Debt**

Funds: Debt Service Fund (50) or other fund used to pay bond payments and long-term notes. If bonds or notes are not outstanding, this adjustment is not needed.

If the district has accumulated resources necessary for a payment on bonds or notes due early in the next fiscal year, the payment (principal and interest) **may** be charged as an expenditure of the current fiscal year. Otherwise, the payment **must** be charged as an expenditure when paid in the next year. If chosen, this option must be consistently applied in every year thereafter. In other words, if the July 1 payment is charged to June budget's, the district must charge each June's budget for the July 1 payment each year throughout the life of the bond or note. The budget for the current year must be able to absorb the expenditure if this option is chosen, or a budget amendment may be needed.

On the worksheet:

Line 24: Other Current Liabilities

ON THE WORKSHEET OF THE FUND WHICH WILL MAKE THE PAYMENT, enter the payment, including principal and interest, which is due early next year on line 24 in column (c).

Line 27: Bonds Payable - Noncurrent

ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP, if the payment above is still included in the long-term debt recorded in STEP 1, line 27, enter the principal amount of the payment on line 27 in column (b). Also enter that amount on line 14 in column (c).

7-0430.00 INSTRUCTIONS (Cont'd)

In the Warrant Journal:

Add the payable amount, including principal and interest, to the appropriate expenditure columns. Also enter the amount in the Payable column.

5) Credit Card Charges

Funds: Any fund which pays for goods and services. If goods and services received by June 30th are paid for by June 30th, no accrual is needed.

Amounts owed on credit cards for goods and services received by June 30th should be recorded as a payable.

On the worksheet:

Line 24: Other Current Liabilities

ON THE WORKSHEET OF THE FUND WHICH WILL MAKE THE PAYMENT, enter the amount owed on June 30th for goods or services charged on a credit card on line 24 in column (c).

In the Warrant Journal:

Add the payable amount(s) to the appropriate expenditure columns. Also enter the amount in the Payable column.

6) Tuition Payable

Funds: Tuition Fund (13). If tuition owed in June is paid by June 30th, this adjustment is not needed.

Tuition owed to another district on June 30th, should be recorded as an expenditure and a payable.

On the worksheet:

Line 22: Due to Other Governments

Enter the tuition owed on June 30th on line 22 in column (c).

In the Warrant Journal:

Add the tuition payable to 561-Tuition or other appropriate expenditure column. Also enter the amount in the Payable column.

7) Special Education Reversion

Fund: General Fund (01)

Special education block grants and the required match must be spent by June 30. The unspent and unmatched block grant amounts will be "reverted" in the next year by reducing the special education allowable cost payment for that year. It therefore becomes part of next year's revenue. Use the worksheet included with the Trustees' Financial Summary to calculate the amount of reversion. Record the reversion calculated as a reduction of 3115 State Special Education Allowable Costs and as deferred revenue.

On the worksheet:

Line 25: Deferred Revenue

Enter the reversion as deferred revenue on line 25 in column (c).

In the Cash Receipts Journal:

Subtract the reversion amount from the 3115 State Special Education Allowable Costs revenue column for the current year. Add the amount to the Payable column. (Note: In the next fiscal year when Special Education Allowable Costs funding is received, reduce the Payable column and record the amount as 3115 State Special Education Allowable Costs revenue.)

7-0430.00 INSTRUCTIONS (Cont'd)

8) Refunds Due to the Grantor

Funds: Any fund used to account for federal or state grant money. If a refund warrant is issued and mailed to a grantor by June 30th, no accrual is needed.

Amounts owed to grantors on June 30th should be recorded as a payable.

On the worksheet:

Line 22: Due to Other Governments

Enter the refund amount owed on June 30th on line 22 in column (c).

In the Cash Receipts Journal:

Subtract the amount from the appropriate grant revenue column for the current year. Indicate that a refund is to be made.

In the Warrant Journal:

Record the amount owed as a refund in the Payable column. Indicate a refund is owed. Do not record an expenditure.

C. Adjusting Entries to Record Encumbrances (Optional)

Funds: Any fund which pays for goods or construction.

Districts may encumber the cost of:

- **goods** for which a purchase order was processed by June 30th; and
- **construction** for which a valid contract was signed and effective by June 30th.

Districts may choose whether to encumber none, some, or all of the items that meet the criteria for encumbrance.

(Note: If goods were received or services on the construction contract were performed by June 30th, costs MUST be accrued as shown in step 2.)

On the worksheet:

Line 37: Reserve for Encumbrance

Enter the amount encumbered on line 37 in column (c).

In the Warrants Journal:

Add the cost of the encumbrance to the appropriate expenditure column being encumbered. Explain the transaction as an encumbrance. Also add the amount to the Payable column.

D. Adjusting Entries for Prepaid Expenses

Funds: Usually General Fund (01), or any fund which prepays insurance premiums or rent. If prepayments were not made during the fiscal year, this adjustment is not needed.

If a significant amount of unexpired liability insurance, rent, etc., exists on June 30th, the prepaid expenses asset account must be established or adjusted. For health insurance, see adjustment 2B(1), Salaries and Benefits.

7-0430.00 INSTRUCTIONS (Cont'd)

If there was a balance in a Prepaid Expenses column on June 30th before adjustment, it was entered on line 8 in column (a). Determine the amount prepaid which has not expired on June 30th. Subtract the unexpired amount from the balance of the Prepaid Expenses column. The difference is an expenditure of this year.

On the worksheet:

Line 8: Prepaid Expenses

Enter the difference (expenditure) on line 8 in column (c).

In the Warrant Journal:

Add the difference (expenditure) to the appropriate expenditure column for insurance or rent, etc. Explain the transaction is an adjustment of prepaid expenses.

If there was no Prepaid Expenses column, or no balance in the column on June 30th, the district recorded the entire prepayment as an expenditure when paid in the current year. Determine the amount of prepayment unexpired as of June 30th.

On the worksheet:

Line 8: Prepaid Expenses

Enter the amount of the unexpired prepayment on line 8 in column (b).

In the Warrant Journal:

Subtract the unexpired amount from the expenditure column (insurance, rent, etc.) it was charged to when paid this year. Also enter the amount in the Prepaid Expenses column. Explain the transaction is an adjustment of prepaid expenses.

ALSO SEE "PRIOR PERIOD ADJUSTMENT OF PREPAID EXPENSES," step 2F(3).

E. Adjusting Entries for Inventories

Funds: Any fund which purchases supplies. If the value of supplies on hand at June 30th is immaterial to the fund (for example, less than 10% of total assets of the fund, not including fixed assets), this adjustment is not needed.

If the district has significant supply inventories on hand at June 30th, the amount on hand must be recorded as inventories and a reserve of fund balance established.

On the worksheet:

Line 7: Inventories

Enter the value of June 30th supplies on hand on line 7 in columns (b) and (d).

Line 36: Reserve for Inventories

Enter the value of June 30th supplies on hand on line 7 in columns (b) and (d).

7-0430.00 INSTRUCTIONS (Cont'd)

F. Adjustments to Beginning Fund Balance

Funds: All funds which incur revenues and expenditures

If this is the first year the district will convert to modified accrual basis (GAAP), adjustments may be necessary to correctly state fund balance, revenues and expenditures for the year.

Revenue applicable to the prior year which was not accrued last year-end in accordance with GAAP was recorded as revenue in current year when received. Revenue for the prior year was therefore understated by the revenue amount. Revenue was overstated in the current year by the revenue amount. Because revenues increase fund balance in the year recorded, the June 30th fund balance was understated by not recording the accrual. If the amount of the revenue was small, the misstatement was not large enough to cause someone interpreting the fund balance and revenues to be seriously misled. If the amount was large, the results could be misleading. Therefore, only large, or "material" accruals not recorded for the prior year require adjustment.

The same idea is true for expenditures. If material expenditures for the prior year were not accrued in accordance with GAAP, an adjustment will be required in order to correct the beginning fund balance and current year expenditure balances.

1. Prior Period Revenue Adjustments

If the district received cash during the current year which was applicable to the prior year, record an adjustment if the amount was material. OPI suggests an amount which is 5% or more of total revenue of the fund should be considered for adjustment. (Note: This percentage is suggested, but not mandated, by OPI. Auditors may prefer a different percentage; contact your auditor if you have questions.)

In the Cash Receipts Journal:

- a) Subtract the revenue from the revenue column where it was recorded during the year. Explain this adjustment on that page.
- b) Record the revenue as source 6100 Prior Year Revenue Adjustments. This can be done either by adding a column for 6100, by placing a star by the adjustment in 1) above and explaining the 6100 transaction on the bottom of the page, or by keeping a separate sheet for year-end adjustments showing the addition to 6100 revenue.

2. Prior Period Expenditure Adjustments

If the district paid in the current year for goods and services received by June 30th of the prior year, record and adjustment if the amount was material. OPI suggests an amount which is 5% or more of the total current year expenditures of the fund. (Note: This percentage is suggested, but not mandated, by OPI. Auditors may prefer a different percentage; contact your auditor if you have questions.)

In the Warrant Journal:

- a) Subtract the expenditure from the expenditure column where it was recorded during the year. Explain this adjustment on that page.

7-0430.00 INSTRUCTIONS (Cont'd)

- b) Record the expenditure using object 892 Prior Period Expenditure Adjustments. This can be done either by adding a column for 892, by placing a star by the adjustment in 1) above and explaining the 892 transaction on the bottom of the page, or by keeping a separate sheet for year-end adjustments showing the charge to 892 expenditures.

3. Prior Period Adjustment of Prepaid Expenses

If the district prepaid insurance or rent in a prior year and an unexpired portion remained on June 30th, record and adjustment if the prepaid amount on June 30th, was material. OPI suggests a prepayment which was 5% or more of current year expenditures should be considered for adjustment. (Note: This percentage is suggested, but not mandated, by OPI. Auditors may prefer a different percentage; contact your auditor if you have questions.)

In the Warrant Journal:

Enter the June 30 prior year unexpired amount of prepayment in the appropriate expenditure column. This results in a charge to the current budget. Explain the transaction on the journal as an adjustment to beginning fund balance for a prior year prepayment.

In the Cash Receipts Journal:

Record the amount in revenue column 6100 Prior Year Revenue Adjustments. This can be done either by adding a column for 6100, by placing a star by the adjustment in 1) above and explaining the 6100 transaction on the bottom of the page, or by keeping a separate sheet for year-end adjustments showing the addition to 6100 revenue.

STEP 3. CLOSING THE BOOKS FOR THE FISCAL YEAR

The following adjustments will: A) Close revenues to record the increase of fund balance/equity; and B) Close expenditures to record the decrease of fund balance/equity.

A. Close Revenues into Fund Balance/Equity

Funds: All funds which receive revenue

Determine the total balance in all revenue columns (1000-6100) for each fund, including accruals recorded in adjusting entries. Add the total of the revenue and other financing sources accounts to the beginning fund balance.

On the worksheet:

Governmental Fund Types: Line 48: Unreserved Fund Balance

Proprietary Funds (70-77): Line 51: Retained Earnings

Enter the total of current revenues in column (c).

7-0430.00 INSTRUCTIONS (Cont'd)

B. Close Expenditures into Fund Balance/Equity

Funds: All funds which incur expenditures

Determine the total balance in all expenditure columns (100-920) for each fund, including accruals and encumbrances recorded in adjusting entries. Subtract the expenditures and other financing uses accounts from beginning fund balance/equity.

On the worksheet:

Governmental Fund Types: Line 48: Unreserved Fund Balance

Proprietary Funds (70-77): Line 51: Retained Earnings

Enter the total of current expenditures in column (b).

STEP 4. ESTABLISH RESERVE ACCOUNTS

The following adjustments will: A) Establish operating reserves; and B) Establish special General Fund reserves.

First, determine the total fund balance after all adjustments and closing transactions in steps 2 and 3 above are made. On the worksheet, add line 48 column (a) plus column (c), minus column (b).

Determine what amounts will be set aside as operating reserves and special

Refer to legal limitations listed page 3-0400-11 of the School Accounting Manual.

A. Establish Operating Reserves

Funds: General Fund (01), Transportation (10), Tuition Fund (13), Adult Ed (17),
Debt Services (50)

Move the reserve amounts from the fund's unreserved fund balance account to the appropriate reserve accounts.

On the worksheet:

Governmental Fund Types: Line 48: Unreserved Fund Balance

Proprietary Funds (70-77): Line 51: Retained Earnings

Enter the total of the operating reserve for June 30th in column (b).

Line 39: Reserve for Operations

Enter the reserve amount on line 39 in column (c) and (d).

B. Establish Special General Fund Reserves

Fund: General Fund (01)

Determine what amounts, if any, will be set aside as reserves for protested taxes, tax audit receipts, general bonus (consolidation) payments, and accelerated LGST. Move the reserve amounts from the fund's unreserved fund balance account to the appropriate reserve accounts.

7-0430.00 INSTRUCTIONS (Cont'd)

On the worksheet:

- Line 40:** Not used
- Line 41:** Reserve for Unused Protested Taxes
- Line 42:** Reserve for Unused Tax Audit Receipts
- Line 43:** Reserve for General Bonus Payment
- Line 44:** Reserve for Accelerated LGST

Enter the amounts of reserves on lines 40, 41, 42, 43 and 44 in columns (c) and (d) in the General Fund only.

Line 48: Unreserved Fund Balance

Enter the total of reserves from lines 39 through 43 on line 48 in column (b).

STEP 5. CALCULATE POST-CLOSING BALANCE SHEET ACCOUNT BALANCES

A. Completing the Worksheet

After all adjustments have been posted to the worksheet for a fund, sum the columns (a) through (c) from left to right. Notice that lines 1 through 20 add (b) and subtract (c). Lines 21 through 53 subtract (b) and add (c). Enter the total in the Post-Closing Balance column (d).

Make sure line 20, Total Assets and Other Debits equals line 53, Total Liabilities and Fund Balance/Equity for each fund.

B. Completing the General Long-Term Debt Account Group (GLTDAG Fund 99) Worksheet

Line 14: Amount Available in Debt Service and Sick Leave Reserve Funds

ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter the sum of the total fund balances (line 52) of the Debt Service Fund (50) and the Sick Leave Reserve Fund (21) on line 14 in column (a).

Line 15: Amounts to be Provided

ON THE WORKSHEET FOR THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99), enter on line 15 in columns (a) and (d) the total of: Line 26 plus lines 27, 28, 29, 30 and 31, minus line 14.

Make sure line 20, Total Assets and Other Debits equals line 53, Total Liabilities and Fund Balance/Equity for THE GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG Fund 99).

7-0430.00 INSTRUCTIONS (Cont'd)

STEP 6. RECORD INFORMATION FROM THE WORKSHEET AND ACCOUNTING RECORDS TO THE TRUSTEES' FINANCIAL SUMMARY

Balance Sheet Enter totals from column (d) of the worksheet for each fund on corresponding lines of the balance sheet in the column for that fund. Again, make sure line 20 equals line 53.

Schedule of Current Revenues and Expenditures Enter the totals of current revenue (1000-4999), operating transfers out (5300), prior period adjustments (6100), and residual equity transfers (9710) columns and current expenditure columns (100-880), prior period adjustments (XXX-999-9999-892), operating transfers out (999-6100-910) and residual equity transfers out (999-9999-971) for each fund in the appropriate section of the schedule. The column totals should include accruals (mandatory) and encumbrances (optional). See the Trustees' Financial Summary Instructions for a discussion of the expenditure coding on the schedule.

Expenditure Detail Report by Object: See Trustees' Financial Summary Instructions.

Project Reporter Codes: No special directions needed for columnar accounting systems.

Special Education Reversion Worksheet: Complete this worksheet to determine if the district owes any reversion. Follow the instructions on the worksheet and show any reversion as deferred revenue on June 30th. Record the reversion amount as revenue in the next fiscal year when the district's monthly payment is reduced by the amount of the reversion.

BUDGET NOTE: The total of lines 39 through 48 should be entered on the budget form as Fund Balance for Budget and then reported as Reserved or Unreserved Fund Balance.

7-0440.00 CASH TO ACCRUAL WORKSHEET - Columnar Accounting Systems

FY _____

District _____

See instructions attached.

Fund Name/No. _____

	ACCOUNT NAME	ACCT NO.	PRE-CLOSING BALANCE	YEAR-END ADJUSTMENTS AND CLOSING TRANSACTIONS		POST-CLOSING BALANCE
			(a)	(b)	(c)	(a) +/- (b) +/- (c) = (d)
	ASSETS AND OTHER DEBITS			plus	minus	
01	Cash and investments less Warrants Payable	101-119 620				
02	Taxes Receivable - Real and Pers	120-149				
03	Taxes Receivable - Protested - Net	150-159				
04	Receivables From Other Funds	160-179				
05	Due From Other Governments	180				
06	Other Current Assets	190-210				
07	Inventories	220-230				
08	Prepaid Expenses	240				
09	Deposits	250				
10	Land and Land Improvements	311-322				
11	Buildings and Improvements	331-332				
12	Machinery and Equipment	341-342				
13	Construction work in Progress	351				
14	Amount Available in Debt Service and Sick Leave Reserve Funds	403				
15	Amounts to be Provided	404-406				
20	TOTAL ASSETS AND OTHER DEBITS					
	LIABILITIES			minus	plus	
21	Payable to Other Funds	601-610				
22	Due to Other Governments	611				
23	Warrants payable (Fund 86 & 87 only)	620				
24	Other Current Liabilities	621-679				
25	Deferred Revenue	680				
26	Other Liabilities	690-699				
27	Bonds Payable - Noncurrent	710				
28	Notes Payable - Noncurrent	720				
29	Lease Obligations Payable	730				
30	Contracts and Judgements Payable	740-750				
31	Compensated Absences Payable	760				
35	TOTAL LIABILITIES					
	FUND BALANCE/EQUITY			minus	plus	
36	Reserve for Inventories	951				
37	Reserve for Encumbrances	953				
38	Reserve for Endowments (Fund 81 only)	954				
39	Reserve for Operations	961				
40	Not Used	962				
41	Reserve for Unused Protested Taxes	963				
42	Reserve for Unused Tax Audit Receipts	964				
43	Reserve for Bonus/Acc LGST Payment	965				
48	Unreserved Fund Balance June 30th	970				
49	Investments in General Fixed Assets	910-918				
50	Contributed Capital	921				
51	Retained Earnings	930-940				
52	TOTAL FUND BALANCE/EQUITY					
53	TOTAL LIABILITIES AND FUND BALANCE/EQUITY					
54	Revenue/Other Financing Sources (Rev 1000-6100)					
55	Expenditures/Other Financing uses (Exp 100-920)					

7-0440.00 CASH TO ACCRUAL WORKSHEET - Columnar Accounting Systems

FY _____

District _____

See instructions attached.

Fund Name/No. _____

	ACCOUNT NAME	ACCT NO.	PRE-CLOSING BALANCE	YEAR-END ADJUSTMENTS AND CLOSING TRANSACTIONS		POST-CLOSING BALANCE
			(a)	(b)	(c)	(a) +/- (b) +/- (c) = (d)
	ASSETS AND OTHER DEBITS			plus	minus	
01	Cash and investments less Warrants Payable	101-119 620				
02	Taxes Receivable - Real and Pers	120-149				
03	Taxes Receivable - Protested - Net	150-159				
04	Receivables From Other Funds	160-179				
05	Due From Other Governments	180				
06	Other Current Assets	190-210				
07	Inventories	220-230				
08	Prepaid Expenses	240				
09	Deposits	250				
20	TOTAL ASSETS AND OTHER DEBITS					
	LIABILITIES			minus	plus	
21	Payable to Other Funds	601-610				
22	Due to Other Governments	611				
23	Warrants payable (Fund 86 & 87 only)	620				
24	Other Current Liabilities	621-679				
25	Deferred Revenue	680				
26	Other Liabilities	690-699				
35	TOTAL LIABILITIES					
	FUND BALANCE/EQUITY			minus	plus	
36	Reserve for Inventories	951				
37	Reserve for Encumbrances	953				
39	Reserve for Operations	961				
48	Unreserved Fund Balance June 30th	970				
52	TOTAL FUND BALANCE/EQUITY					
53	TOTAL LIABILITIES AND FUND BALANCE/EQUITY					
54	Revenue/Other Financing Sources (Rev 1000-6100)			minus	plus	
55	Expenditures/Other Financing uses (Exp 100-920)			minus	plus	

7-0440.00 CASH TO ACCRUAL WORKSHEET - Columnar Accounting Systems

FY _____

District _____

See instructions attached.

Fund Name/No. _____

	ACCOUNT NAME	ACCT NO.	PRE-CLOSING BALANCE	YEAR-END ADJUSTMENTS AND CLOSING TRANSACTIONS		POST-CLOSING BALANCE
			(a)	(b)	(c)	(a) +/- (b) +/- (c) = (d)
	ASSETS AND OTHER DEBITS			plus	minus	
10	Land and Land Improvements	311-322				
11	Buildings and Improvements	331-332				
12	Machinery and Equipment	341-342				
13	Construction work in Progress	351				
14	Amount Available in Debt Service and Sick Leave Reserve Funds	403				
15	Amount to be Provided	404-406				
20	TOTAL ASSETS AND OTHER DEBITS					
	LIABILITIES			minus	plus	
27	Bonds payable - Noncurrent	710				
28	Notes payable - Noncurrent	720				
29	Lease Obligations Payable	730				
30	Contracts and Judgements payable	740-750				
31	Compensated Absences payable	760				
32	Special Assessments payable - Noncurrent	770				
35	TOTAL LIABILITIES					
	FUND BALANCE/EQUITY			minus	plus	
49	Investments in General Fixed Assets	910-918				
52	TOTAL FUND BALANCE/EQUITY					
53	TOTAL LIABILITIES AND FUND BALANCE/EQUITY					

7-0450.00 LIST OF YEAR-END ADJUSTMENTS & ACCRUALS:

(attach to Cash to Accrual Worksheet for each fund)

[illegible]